

- BC's unemployment rate drops to 4.8%, a thirty year low, in February
- Exports slip 2.7% in January
- Housing starts shoot up 20.2% in February

## Labour Force

- **British Columbia's unemployment rate fell to a new low of 4.8% (seasonally adjusted) in February, with 9,000 net new jobs added to the economy, an increase of 0.4%.** The number of people either working or looking for work was virtually unchanged (+600 people) from January. During the last twelve months, BC has shaved 2.2 percentage points off its unemployment rate. Nova Scotia (-1.4 percentage points) was the only other region to see its jobless rate fall more than one percent during this period.

BC's unemployment rate was at a thirty year low in February. This was also the case in Alberta, where the rate fell to 3.1%, less than half the national average of 6.4%. The Canadian unemployment rate was also the lowest it has been since 1976, the first year for which Labour Force Survey data is published. *Data Source: Statistics Canada*

- **Goods producing industries in BC hired more workers in February, with employment climbing 4.0%.** The manufacturing sector, which had shed workers in the previous two months, employed 6.7% more people. Construction companies (+3.0%) also took on more workers. However, there were fewer jobs in forestry, fishing & mining (-3.4%) and in utilities (-7.0%). Employment also edged down (-0.5%) in the service sector, where six industries trimmed their payroll lists. Information, culture & recreation (-9.2%) and miscellaneous services (-5.8%) posted particularly large declines.

There were fewer full-time (-1.3%), but more part-time (+7.5%) jobs in February. Self-employment slipped 0.4%, and the number of public sector workers contracted 2.5%. However, there were 1.5% more jobs in the private sector. The unemployment rate for young peo-

ple (aged 15-24) remained stable at 7.6%.

*Data Source: Statistics Canada*

- **Unemployment rates were below February 2005 levels in all regions of the province.** North Coast/Nechako (9.7%, three-month moving average, unadjusted) posted the biggest 12-month decline (-6.6 percentage points). In the rest of the province, rates ranged from a low of 3.1% in Northeast to 7.2% in Kootenay.

Victoria's unemployment rate (3.8%, *seasonally adjusted*) was well below the provincial average, as was Abbotsford's (3.1%). In the Vancouver CMA, the jobless rate was 4.5%.

*Data Source: Statistics Canada & BC Stats*

## The Economy

- **Exports of BC products fell 2.7% (seasonally adjusted) in January as international shipments of most major commodity groups declined.** Forest product exports, which were virtually unchanged (+0.1%) from December levels, were the lone exception to the general downturn. Energy exports dropped 2.1% after rebounding in December, and even bigger declines were recorded in the value of machinery, equipment & automotive products (-6.7%) as well as industrial & consumer goods (-7.3%) exported from the province.

BC's exports to destinations other than the US plunged (-14.1%) in January, pulled down by a 23.7% decline in shipments of energy products and a similarly large drop in machinery & equipment & auto exports (-26.4%). However, exports to the US picked up (+4.0%), largely because of strong growth in the value of energy products exported south of the border (+13.9%).

Canadian exports (balance of payments basis) fell 3.3% in January. Exports of energy products (-14.8%), machinery & equipment (-0.4%) and

### Did you know...

Reading (25%), travel (24%) and golf (23%) are some of the most popular leisure activities of Canadian millionaires, about two-thirds of whom are 55 or older *Data Source: Ipsos Reid Survey*

industrial goods (-1.1%) fell, but auto exports increased 2.1%. *Data Source: Statistics Canada & BC Stats*

- **Relative to January 2005, the (unadjusted) value of BC exports was up 19.9%.** Every province except Quebec (+5.0%) and Ontario (+7.6%) posted double-digit increases. The national increase was 14.8%. *Data Source: Statistics Canada*

- **The number of housing starts in the province continued to seesaw, shooting up 20.2% in February, after dipping (-6.1%) in the previous month.** BC, Alberta (+15.6%) and Newfoundland (+30.8%) were the only provinces where there were more housing starts last month than in January. Canadian starts were down 2.9%, as most provinces posted declines that were well into the double digits. Starts were down 14.2% in Ontario. *Data Source: CMHC*

- **The cost of new housing in BC's two biggest metropolitan areas continued to climb in January.** House prices in Victoria were 7.9% higher than in January 2004, reflecting rising land values (+15.3%), as well as more expensive housing (+4.9%). In Vancouver, the index was up 5.7%, with inflationary pressure also coming from both land (+6.2%) and housing (+4.7%) prices. Of the 21 metropolitan areas surveyed, Calgary (+20.8%) posted by far the biggest year-over-year increase, more than triple the national average (+6.6%). *Data Source: Statistics Canada*

- **The value of building permits issued by BC municipalities fell (-27.4%, seasonally adjusted) in January, as permits for both residential (-33.1%) and non-residential (-10.7%) projects declined.** Although investment intentions were up in both Abbotsford (+104.6%) and Victoria (+30.3%), permits in the Vancouver area, where most of the province's planned activity occurs, fell back 17.3% from December 2005. Canadian permits were also down (-19.3%), as slowdowns in Ontario (-28.5%), BC, Alberta (-12.6%), and three other provinces offset growth in other parts of the country. *Data Source: Statistics Canada*

### Women and the Labour Force

- **The increased participation of women in the workforce has been one of the most significant**

**social trends over the past 25 years.** In 2004, women accounted for 47% of the employed work force up from just 37% in 1976. In the same year, 58% of all women aged 15 and over were part of the paid workforce, up from 42% in 1976.

Women are achieving increased representation in professional fields and currently make up over half those employed in business & financial, diagnostic & treatment positions in medicine and other professional positions. In 2004, 37% of those employed in managerial positions were women, compared to 30% in 1987. However, women remain a minority among professionals working in natural sciences, mathematics and engineering.

The average earnings of employed women are significantly lower than those of working men, at 71% of the average for men working on a full-year, full-time basis in 2003.

According to the 2001 census, women of visible minority made up 22% of the total female population of British Columbia, the highest proportion in the country. Nationally, 14% of the total female population were members of a visible minority and three out of four women who identified as such lived in either British Columbia or Ontario. Twenty-one percent of female visible minorities were university-educated in 2001, compared with 14% of other women, but they remain less likely to be employed and generally earn less than do other women.

*Data Source: SC, Catalogue 89-503-XPE*

### Telecommunications

- **Changing consumer demands and the development of new technologies are contributing to a shift in the Canadian telecommunications industries and markets.** At the end of the third quarter of 2005, the number of traditional residential telephone lines was down 3.0% over the same period of 2004. In contrast, the wireless telecommunications industry continued to boom, with the total number of subscribers reaching over 16 million, up 12.4% from the same quarter of 2004. *Data Source: Statistics Canada*

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## CPI for Traveller Accommodation Trending Down

Over the past few years, BC has encountered many economic stumbling blocks that have taken a toll on the province's tourism industry. The 9/11 attacks affected travel all over North America in the fall of 2001, and subsequent events such as the SARS outbreak in 2003 and the recent wars in Afghanistan and Iraq also put a damper on travel to BC as well as other parts of Canada.

These external shocks have put pressure on the province's accommodation sector, and accommodation providers have responded by offering travellers a break on their rates in an effort to boost their business. They appear to have been successful. Since 2001, the Consumer Price Index (CPI) for traveller accommodation has fallen 25%, and average accommodation prices in BC are currently lower than they were in 1992. At the same time, room revenues have increased in every year except 2003, and revenues appear to be on track for another solid year in 2005.

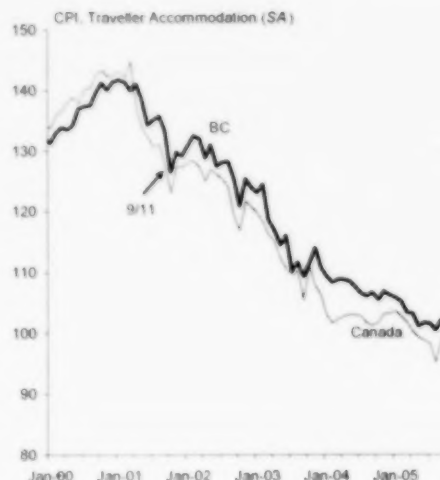
### The CPI for traveller accommodation continues to fall

The CPI for traveller accommodation in BC began to decline in the spring of 2001, and has fallen every year since then<sup>1</sup>. The downward trend predated the events of 9/11, but seemed to be accentuated by them. The index has fallen ten times during the last eleven months from 103.2 in December 2004 to 98.7 in October 2005.

Prices in BC followed similar trends as in the rest of Canada from 2001 to 2003; however, they did not fall as much in BC as in other parts of the country. The gap between BC's

and Canada's index began to widen in January 2004. During 2005, the CPI for traveller accommodation fell 2.7% in BC, compared to a 4.9% national decline. Prices also dropped in Ontario (-7.5%) and Quebec (-5.1%).

### CPI for traveller accommodation has been declining since 2001



Data Source: Statistics Canada;  
seasonally adjusted by BC Stats

### Hotel occupancy rate

Room revenues are determined by both prices for traveller accommodations, and hotel occupancy rates. By lowering prices, BC's accommodation providers have been able to attract more business resulting in higher occupancy rates and increased room revenues.

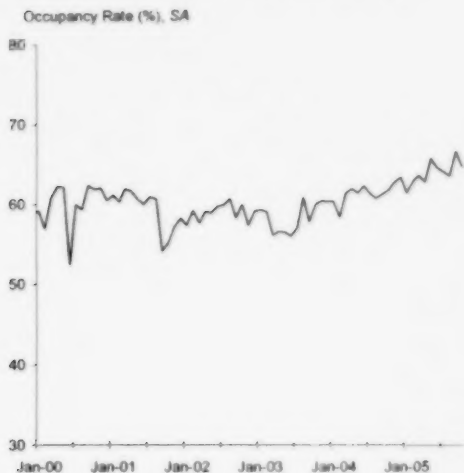
BC has observed a mild upward trend in hotel occupancy rates since 2001. Although the lowest level (58.3%)<sup>2</sup> in the past ten years for

<sup>1</sup> -4.3% in 2001; -6.9% in 2002; -9.9% in 2003; -8.4% in 2004; -3.0% in 2005; Source: Statistics Canada

<sup>2</sup> Source: Pannell Kerr Forster

average hotel occupancy was recorded in 2003, there was less unused room capacity in 2004. The average BC hotel occupancy rate inched up from 60.0% in 2000 to 61.4% in 2004, up 1.4 percentage points. In the first ten months of 2005, the average rate increased further to 63.9%.

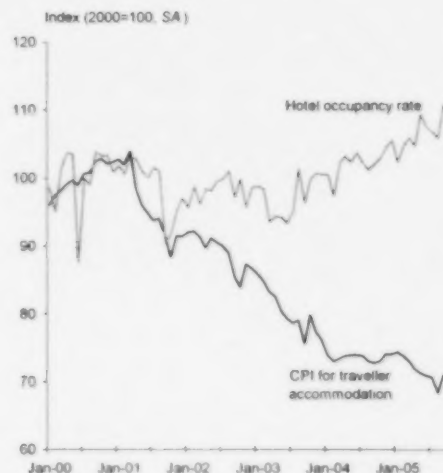
## BC hotel occupancy rate inching up



Data Source: Pannell Kerr Forster; seasonally adjusted by BC Stats

The BC hotel occupancy rate and the CPI for traveller accommodation have mirrored each other over the past five years. The average CPI for traveller accommodation fell from 139.4 in 2000 to 99.4 in 2005, down by 28.7%. This suggests that the lower prices of traveller accommodation resulted in more stays at BC hotels, which eased some of the pressure that soaring gasoline prices had on travel costs.

## Rising hotel occupancy rate and falling CPI for traveller accomodation



Data Source: Pannell Kerr Forster & Statistics Canada; seasonally adjusted by BC Stats

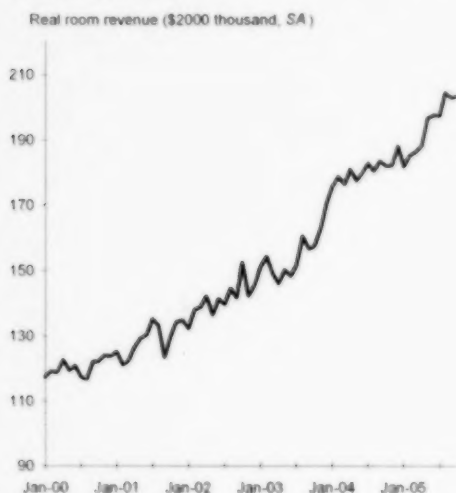
## Room revenue

As the CPI for traveller accommodation declined, BC room revenues continued to grow. Revenues reached a new high of \$422 million in the third quarter of 2005, with an increase at hotels of all sizes, showing a complete recovery from the effects of 9/11 and SARS.

BC room revenues posted a 10.4% increase in 2004 relative to 2001. Real room revenues<sup>3</sup>, which remove the effects of inflation, advanced 40.4% over the same period, reflecting higher volumes. The increase in real room revenues indicates that the recent combination of lower prices and higher occupancy has been paying off for BC's tourism industry.

<sup>3</sup> Real room revenues value revenues at constant base year's (2000) prices so that the effects of inflation have been removed.

## Real room revenues have increased about 67% since 2000



Data Source: BC Stats

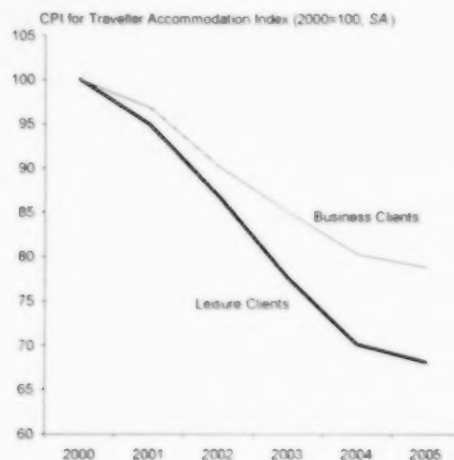
## Traveller accommodation price indexes covering different client groups

In order to reflect changes in room rates corresponding to different consumers, the traveller accommodation price index covers business, leisure, government and foreign client groups. Room rates for business and leisure groups are collected directly from accommodation providers, and the data is reported for both leisure and business clients.

Prices for leisure clients in BC showed the biggest decline (-32.0%) between 2000 and 2005, suggesting that the lower prices offered by BC accommodation properties were targeted primarily to ensure travellers. This is not surprising, given that leisure travel is usually discretionary while business and government travel decisions are less likely to be affected by accommodation costs. The traveller accommodation CPI for business clients fell 21.2%. The cost of accommodation for foreign clients has also declined. During the SARS panic, prices dropped 7.5%.

Compared to the rest of Canada, BC recorded the second largest year-over-year declines in the traveller accommodation price indexes for leisure clients (-2.9%) and business clients (-1.8%) in 2005, behind Ontario (leisure clients, -8.8%; business clients, -3.2%). The national average prices dropped 4.2% for leisure clients and 1.4% for business clients.

## Leisure travellers benefited more from lower prices



Data Source: Statistics Canada; seasonally adjusted by BC Stats





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also on the Internet at [www.bcstats.gov.bc.ca](http://www.bcstats.gov.bc.ca)

## BC at a glance . . .

POPULATION (thousands)		
	Oct 1/05	% change on one year ago
BC	4,271.2	1.3
Canada	32,378.2	1.0
GDP and INCOME		
(BC - at market prices)	2004	% change on one year ago
Gross Domestic Product (GDP) (\$ millions)	157,241	7.7
GDP (\$ 1997 millions)	139,205	4.0
GDP (\$ 1997 per Capita)	33,129	2.8
Personal Disposable Income (\$ 1997 per Capita)	20,182	1.4
TRADE (\$ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Dec	3,760	3.1
Merchandise Exports - Jan	3,121	-2.7
Retail Sales - Dec	4,229	-0.6
CONSUMER PRICE INDEX		12-month avg % change
(all items - 1992=100)	Jan '06	
BC	125.6	1.9
Canada	128.8	2.3
LABOUR FORCE (thousands)		% change on prev. month
(seasonally adjusted)	Feb '06	
Labour Force - BC	2,285	0.0
Employed - BC	2,176	0.4
Unemployed - BC	109	-7.1
	Jan '06	
Unemployment Rate - BC (percent)	4.8	5.1
Unemployment Rate - Canada (percent)	6.4	6.6
INTEREST RATES (percent)		
	Mar 8/06	Mar 9/05
Prime Business Rate	5.50	4.25
Conventional Mortgages - 1 year	6.05	4.80
- 5 year	6.45	6.05
US/CANADA EXCHANGE RATE		
	Mar 8/06	Mar 9/05
(avg. noon spot rate) Cdn \$	1.1574	1.2065
US \$ (reciprocal of the closing rate)	0.8648	0.8295
AVERAGE WEEKLY WAGE RATE		% change on one year ago
(industrial aggregate - dollars)	Feb '06	
BC	716.86	1.7
Canada	715.74	3.3

### SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada  
 Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics  
 For latest Weekly Financial Statistics see [www.bankofcanada.ca](http://www.bankofcanada.ca)

## Bankruptcy Rates

A new file on our site publishes bankruptcy rates facilitating the comparison of major urban centres. Consumer bankruptcies are normalized by population (per 1000 population) and business bankruptcies are normalized by number of businesses (per 1000 establishments).

### Bankruptcy Rates

<http://www.bcstats.gov.bc.ca/data/dd/handout/BANKRATE.pdf> [continued]

## Economic Accounts (GDP)

Statistics Canada now provides free access to a broad range of national and provincial economic accounts (Gross Domestic Product) data.

The **System of National Economic Accounts** module provides an up-to-date portrait of national and provincial economies and their structure, based on an integrated, internationally recognized set of economic accounting concepts.

### Labour force statistics

<http://www.statcan.ca/english/nea-cen/index.htm>

### Released this week by BC STATS

- Labour Force Statistics, February 2006
- Earnings & Employment Trends, February 2006
- Exports, January 2006
- Consumer Price Index, February 2006

### Next week

- Tourism Sector Monitor, February 2006



